

May 20, 1999

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MANAGER STAMP SERVICES

SUBJECT: Review of the Printing Error in the
Grand Canyon Stamp (RG-LA-99-001)

Beginning on May 18, 1999, several national publications began reporting that a printing error occurred during the production of the 60-cent international commemorative Grand Canyon stamp, which would result in the destruction of the entire stamp production. As a result, the Office of Inspector General (OIG) initiated a brief proactive review of the facts and control processes concerning the printing error. This advisory letter report summarizes the results of our review.

Background

To design a new 60-cent international stamp, the Postal Service utilized a drawing of the Grand Canyon, one of our nation's famous landmarks. The Postal Service selected the Banknote Corporation of America, Inc., in Greensboro, North Carolina, to print the Grand Canyon stamp and authorized an initial production of 100 million stamps.



On or about May 11, 1999, Stamp Services staff discovered an error after the stamp was printed while it was been perforated. Specifically, the words "Grand Canyon, Colorado" appeared in the right-bottom corner of the stamp instead of Grand Canyon, Arizona. Beginning May 18, 1999, several national publications including the *USA Today*, *The Washington Post*, and the *Linn's Stamp News* published articles about the stamp error and were critical of the Postal Service's process.

Scope and Objectives

In response to the press coverage, the OIG initiated a brief review of the circumstances surrounding the error on the Grand Canyon stamp in order to identify the following:

- How did the error occur?
- What management controls are in place to prevent and detect errors?
- What is the current status of the stamp?

We contacted officials with Stamp Services and Corporate Relations divisions to gather facts concerning the issuance of the Grand Canyon stamp.

Observations

On May 18 and May 19, 1999, we interviewed key Postal Service Officials involved in the issuance of the stamp. The information gathered during our review is as follows:

Question:

How did the error occur?

Answer:

According to Stamp Services officials, Postal Service staff asked the stamp designers to identify the location by adding the words "Grand Canyon, Colorado" to the bottom-right corner of the stamp. Although, the Grand Canyon was created by the Colorado River, the Grand Canyon National Park is located in Arizona.

The stamp had previously been reviewed by the Citizens' Stamp Advisory Committee and by the Postal Service's research consulting firm. However, once the words were added to the stamp, it did not go back to the consulting firm and Postal Service Management for final revisions, which is the established process. Instead, the printer added the words and initiated production. While the stamp was in final printing production, Stamp Services staff noted that the additional wording was incorrect.

Question:

What management controls are in place to prevent and detect errors?

Answer:

One of the key management controls in the stamp process is formal approval of the stamp design before stamp production begins. Once the stamp design is finalized, Stamp Services Management initials the original artwork to confirm their approval of the stamp image and to authorize production. In this instance, the printer had already received the approved artwork when the additional wording was added. Instead of the Postal Service approving the final changes by initialing the revised artwork, Postal Service verbally instructed the printer to add the text and continue production.

In addition, as a result of an error in 1994 concerning the Bill Pickett cowboy stamp, Postal Service began using a research-consulting firm to independently verify historical information relating to the stamp image (person, place, subject, or event being commemorated). Stamp Services staff and the members of the Citizens' Stamp Advisory Committee are generally knowledgeable about the subjects being commemorated. The consultants provide additional assurance to Postal Management that the stamp images and accompany narratives are factually accurate.

However, in recognizing past events on stamps, there can be disagreements in historical reference material over the supporting facts such as precise historical details and specific dates that can impact the visual characteristics of the stamp image. Therefore, Postal Service Management is responsible for examining any contradictory facts and making the final decision on the stamp image.

Question:

What is the current status of the stamp?

Answer:

According to Stamp Services staff, all of the Grand Canyon stamps are physically located at the Banknote Corporation of America's printing facility. Stamp Services staff plan to visit the facility the week of May 24, 1999, to count, verify, and witness the destruction of the stamps already printed.

Stamp Services staff originally estimated the total production cost for the Grand Canyon stamp at approximately \$500,000. Additional administrative costs will be incurred in destroying and re-printing of the stamp but production of the stamp was not yet fully completed. Stamp Services officials advised that they are currently negotiating with the printer to determine the exact and any additional costs to print the new stamp.

Conclusion and Suggestion

Based upon our limited review and interviews with Postal Service staff, we believe that the existing control processes should provide reasonable assurance that potential errors would be timely prevented and detected. However, in this instance, the Postal Service did not adhere to their established control processes.

We suggest that Stamp Services Management adhere to existing control processes when authorizing changes to the approved stamp design. Specifically, if any subsequent revisions are made, resubmit the revised artwork for approval by Stamp Services staff before production is authorized.

Management Response

We discussed the results of our review with Stamp Services Management on May 20, 1999 and they agreed with our results. Management acknowledged that because of human error, existing control processes were not followed and recognized that subsequent revisions to original artwork should have been formally approved before production was initiated. Management reiterated their commitment to follow existing control processes in the future.

Evaluation of Management's Response

We agree with Stamp Services Management's comments concerning the printing error and the need to follow existing control processes in the future. We do not believe that additional audit work concerning the Grand Canyon Stamp is warranted at this time. However, we would appreciate if you would advise us of the outcome of your negotiations with the printer regarding production of the new stamp. Because of the overall significance of Stamp Services operations to the Postal Service, we have performed and plan to perform additional work on Stamp Services' major programs and operations.

If you have any questions concerning our review, please contact [REDACTED].

//Signed//

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this Report:**

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